

GROUND LEASE

This Ground Lease, hereafter referred to as "Lease", dated the 2nd day of June 2013, is between the Wheaton Family Properties LLC, a Minnesota limited liability company, with its principal place of business in Blue Earth County, Minnesota, hereinafter referred to as "Landowner", and Robert Anderson, hereafter referred to as "Lessee" and collectively referred to as the "Parties".

Landlord is the owner of approximately 51 acres in and around Duck Lake, Blue Earth County, Minnesota (Land), which contains various parcels of property including the following described real property (Lot) legally described as follows:

A parcel of land approximately 40' wide and from the shore of Duck Lake to the roadway deep (so called "Lot" #21 or 212 Clydette Drive) and a parcel of land approximately 25' deep and as wide as the back of Lot 21, located adjacent to but on the opposite side of the roadway from the lake shore, hereafter referred to as "Lot".

Landowner wishes to enter into a Lease Agreement with Lessee for Lessee's use of the Lot. The Parties agree the Lot and structure on it is to be used solely as for seasonal cottage purposes and not for year-a-round living or other commercial purposes.

Now, therefore, the parties agree as follows:

1. TERM OF LEASE.

Except as provided for differently by other provisions of this Lease, the term of this Lease is for three (3) years, beginning May 1, 2013 and ending on April 30, 2016. Notwithstanding any provision to the contrary, in the event water and/or sewer is provided to the Lot, the term of the Lease shall expire April 30 of the year following the installation of water and/or sewer.

2. RENTAL AMOUNT.

Lessee agrees to pay Landowner the sum of \$875.00 per year, due and payable on the 1st day of May of each year of this Lease.

3. LATE PAYMENT.

In the event Lessee fails to make the rental payment within ten (10) days of each payment's due date, Lessee shall pay to Landowner, in addition to the rent due, the sum of \$50.00. In the event payment of rent, and penalty if appropriate, is not made on or before the 10th day of May of each year of this Lease, said failure to make payment shall be considered a default of this Lease and will allow Landowner the options provided for in paragraph 17.

4. ACCESS.

Lessee shall have the non-exclusive right to ingress and egress over the property of Landowner for purposes of accessing the Lot and lakeshore directly in front of the Lot. Ingress and egress over Landowner's property is limited to the existing roadway. Landowner is under no obligation to maintain or improve the roadway but may do so at Landowner's sole discretion. Lessee is prohibited from modifying or changing the roadway in any manner without the express written permission of Landowner. Lessee acknowledges that Landowner has no responsibility for snowplowing and that Lessee is prohibited from doing the same. Lessee acknowledges other Lessee's of Landlord will use the roadway and that the roadway access is not for the exclusive benefit of Lessee.

5. BUILDING AND IMPROVEMENTS.

Any buildings and improvements on the Lot are the Lessees'. Lessee agrees not to remove any buildings or improvements from the Lot during the term of this Lease without the prior written permission of Landowner to insure an orderly removal of the buildings or improvements.

6. NEW CONSTRUCTION.

Prior to constructing any new buildings or improvements, Lessee must present Landowner a written plan for the construction project and obtain Landowner's written approval, which shall be at Landowner's sole discretion. Lessee acknowledges there are severe restrictions regarding the construction of any building or improvements on the Lot.

7. TERMINATION OF LEASE.

This Lease may be renewed by mutual agreement of the Parties. Neither Landowner nor Lessee is under any obligation to renew the Lease. In the event Lessee wishes to renew a Lease, Lessee agrees to provide Landowner written notice of such request. The notice must be delivered to Landowner on or before November 1 of the year prior to the final year of the Lease. Unless the Lease is renewed, Lessee agrees to remove all buildings and improvements and all debris on or before April 30 of the last day of the Lease, and shall be solely responsible for the costs associated with said removal. Any buildings, improvements, or debris left on the Lot after April 30 shall be considered abandoned by Lessee and shall be the property of Landowner. In that event, Landowner may dispose of said buildings, improvements, and debris and retain the proceeds. In the event the sale proceeds are less than the disposal costs, Lessee shall be responsible to promptly pay Landowner for the deficiency.

8. SEWER AND WATER.

In the event sewer and/or water is installed which services the Land, including Lessee's Lot referenced herein, Lessee agrees to connect to the services so provided and shall be responsible for its share of the costs of installation of the system. Landowner shall provide Lessee a breakdown of the costs for said service.

9. INSURANCE

Lessee agrees to carry liability insurance at least in the amount of \$500,000.00, naming Landowner as an additional insured on the policy for any claim brought against Lessee involving the Lot and agrees to provide Landowner a copy of the insurance declaration sheet showing the same. An insurance declaration sheet should be provided each year. Further, Lessee shall indemnify Landowner against all liability arising during the term of this Lease from injury to person or property, occasioned wholly or in part by any act or omission of Lessee or Lessee's guests or assignees.

10. MAINTENANCE AND USE OF LEASED PROPERTY

Lessee agrees that the Lot will be maintained in good repair, including the lakeshore available to Lessee. No modifications or changes to the lakeshore are permitted without Landowner's prior written approval. Lessee agrees to keep the Lot clean, and free of weeds and debris. All debris must be disposed of in accordance with local, state and federal law. Debris may not be disposed of on any of Landowner's property, including but not limited to the cropland, undeveloped land, and roadside property. Prior to cutting or trimming any trees, Lessee must obtain Landowner's written permission. Any trees on the Lot that have to be removed, cut down, or trimmed will be the responsibility of Lessee and done so and properly disposed of at Lessee's expense. Further, Lessee may not build or construct a tree house or any structure supported by the trees. In the event the Lot includes property on the side of the roadway opposite of the lakeshore, Lessee's use of that portion must be pre-approved in writing by Landowner and limited to storage, parking, or the placement of a holding tank. Any such storage, parking, or holding tank must be in compliance with all county, state, and federal regulations. Any existing storage unit or shed or any new construction of the same, shall be subject to the terms and conditions of this Lease.

11. TAXES AND ASSESSMENTS.

Lessee shall be responsible for all taxes and assessments levied against the Lot. Lessee shall pay the same prior to or at their due date and the delinquency of any such tax and assessment shall be considered a breach of this Lease and permit Landowner the remedies available herein. In the event Lessee fails to pay the taxes and assessments prior to delinquency, Landowner may, but is not required, to pay the same. In the event Landowner chooses to make said payment, Lessee shall immediately reimburse Landowner for said payment plus a \$50.00 late fee.

12. HILLSIDE STEPS.

Any hillside steps servicing the Lot, if any are the property and obligation of Lessee. Lessee is solely responsible for their maintenance and upkeep. Lessee agrees to maintain any such steps in a reasonable condition. In the event Landowner determines the steps are not being maintained, Landowner reserves the right to deny access to the steps or remove all or any portion of the steps if the Landowner, in his sole discretion, believes such action is necessary to reduce a hazardous situation. Notwithstanding Landowner's right to take corrective action, Landowner has no duty to do so.

13. HUNTING.

Hunting on the Lot and Land is strictly prohibited and a violation of this provision shall be considered a breach of this Lease. If Lessee violates this provision, Landlord may terminate the Lease by providing Lessee a 30 day notice to vacate the Lot.

14. ANIMALS.

Lessee agrees that only domesticated animals may be allowed on the Lot. No animals shall be permitted to run loose.

15. NOTICE OF ASSIGNMENT AND SALE.

Prior to assigning this Lease or subletting or selling the building and improvements, Tenant shall notify Landowner in writing of said intent.

Lessee is not permitted to assign this Lease, sub-rent or sell the buildings or improvements on the Lot without the prior written consent of Landlord which consent may be granted or denied at Landlord's sole discretion.

16. MORTGAGES AND LIENS.

Lessee agrees that no mortgage, encumbrance or lien of any kind may be placed on any buildings or improvements located on the Lot. In the event a lien, mortgage or encumbrance is filed against the Lot, buildings or improvements, Lessee shall be considered in default and Landowner shall have the remedies available as provided herein.

17. DEFAULT.


In the event Lessee fails to fulfill any of the covenants and agreements of this Lease, Landowner may consider the Lease breached by Lessee and Landowner may re-enter and take possession of the Lot and hold and enjoy the same, without such re-entering working a forfeiture of the rents to be paid and covenants to be performed by Lessee for the full term of this Lease. Unless otherwise permitted by law, prior to reentering and taking possession of the Lot, Landowner shall provide to Lessee a written notice of the terms and conditions in default and give Lessee 30 days to cure said default prior to taking possession of the Lot, buildings and improvements located thereon. Written notice shall be personally delivered to Lessee, or sent by certified mail to the address provided to the Landowner.

18. BINDING.

The above covenants and agreements shall bind the heirs, administrators, executors, and assigns of Landowner and Lessee.

LANDOWNER:

WHEATON FAMILY
PROPERTIES, LLC

By: 
Michael J. Wheaton
President / Chief Manager

LESSEE:

